## **REMARKS**

Claims 1-15 and 26-30 are currently pending in the application. New claim 31 has language similar to claim 30. Claims 1-8, 12-13, 15, and 26-30 including independent claims 1, 26, and 30 were rejected under 35 U.S.C. 102 as being unpatentable over Haskell (U.S. Patent No. 5,687,095). Dependent claims 9-11 and 14 were rejected under 35 U.S.C. 103 as being unpatentable over Haskell.

Haskell describes a system for digital video transmission rate matching. A bit stream rate matching apparatus includes a bit rate increasing device and a bit rate reducing device. (Abstract). To control the amount of data produced by the DCT coefficients processor 107 (FIG. 1), the rate-control unit computes the proper quantization parameter Qp.sub.new based on the targeted bits per macro block and sends it to the DCT coefficients processor 107 to requantize the DCT coefficients. Let {z.sub.i, i=0,1,...63} be the new quantized DCT coefficients, and QP.sub.new be the new quantization parameter obtained from the rate control 113 circuit (Column 10, lines 49-57).

However, Haskell is merely describing requantization. Haskell determines a new quantization parameter and uses the new quantization parameter to requantize DCT coefficients. Haskell does not teach or suggest using a first re-quantization scheme and a second re-quantization scheme.

By contrast, the independent claims 1, 26, 30, and 31 recite using a "first requantization scheme" and a "second re-quantization scheme." Haskell merely describes calculating a requantization parameter and applying a single re-quantization parameter. Consequently, the independent claims are believed allowable over Haskell for at least this reason.

Furthermore, the independent claims recite re-quantization a first portion of a bitstream and re-quantization a second portion of a bitstream using different re-quantization schemes. Haskell does not teach of suggest applying different schemes to different portions of a bitstream.

## **CONCLUSION**

In view of the foregoing, Applicants believe all rejections to the independent claims have been overcome thereby placing all independent and dependent claims now pending in this application in condition for allowance. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at (510) 843-6200.

Respectfully submitted,

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